June 3, 2010

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Commissioners:

This letter is in response to the opportunity for reply comments concerning the FCC's, "In the Matter of Petition for Rulemaking to Amend the Commission's Rules Governing Retransmission Consent," MB Docket No. 10-71.

As we made clear in our previous comments, IPI believes that, in view of the changes that have occurred since the current retransmission regime was put in place, including both market and technological changes, it is appropriate for the Commission to consider improvements in the retransmission regime, even if those improvements require Congressional action, to facilitate market-based negotiations so that content is appropriately valued while restoring negotiating balance which will minimize consumer anxiety and provider uncertainty.

Some of the comments that were submitted on this issue argued for greater government involvement. But in our view, the problem in the current retransmission regime *begins* with too much government involvement; specifically, rules including "must carry" requirements that distort market-based negotiations, assumptions about the marketplace that are no longer accurate but remain in legislative force, and, of course, compulsory licensing. Adding more government involvement in the negotiations seems to us to move in the wrong direction--unless it is government actions to restore a marketplace, government should get out of the way of what could be a functioning marketplace for the acquiring and placement of content across a full spectrum of delivery means.

Of course, the Commission is not the venue where this solution can be fully pursued. To achieve the solution we proposed, Congressional action would be necessary. As we stated, "In the end, Government forced access, 'must carry,' rules and government dictated amounts of 'local programming' should all be scrapped, but an immediate change would be tumultuous and many of the changes would be within the purview of Congress, not the FCC."

Absent Congressional action clearing out the legislative, and with it the regulatory, underbrush, including ending the compulsory licensing regime, the FCC should be quite careful in this area precisely because of the lack of market forces. They could easily cause even greater harm which already affects all parties involved because of the economic imbalance imposed by legislation and regulation.

As we noted previously, "Video service programmers are currently forced into an untenable situation – they must enter into negotiations knowing that if they do not ultimately capitulate, that the broadcasters can force their hand by virtue of must carry.

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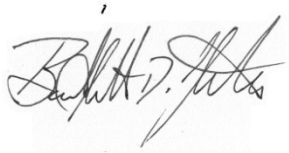
Nothing could be further from a market and in violation of freedom of contract – allowing two, or more, parties to reach a deal which is mutually beneficial.

On the other hand, content providers, in this case broadcasters, also have a challenge. The broadcasters are entitled to fair value for the use of their content. For those providers to continue to provide the very best content such as prime time shows, sports programming, local news, or other local content, like any other industry, they must invest considerable time, effort and resources and bear the risk of marketability of the content they create. Equally important however, content should have to compete against other content so that the best content is valued by the marketplace, not by the judgment of a bureaucrat. Content should compete in an open market, just as service providers must compete."

Consumers are left in the lurch with programming uncertainty and escalating costs as content pricing is released from the cost allocating restraints of the market, all while industries hurl accusations at each other. There is clearly room for improvement in this regime, but we are skeptical that more government involvement piled onto the existing regime is the solution.

Respectfully Submitted,



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